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ABSTRACT

A study was made of the use of consumer credit by Home Demonstration Club (HDC) members in Blount County, Tennessee, as a basis for planning educational programs. Data were secured by group interviews from 237 Home Demonstration Club members representing 24 clubs. The data were classified according to the members use of consumer credit: those who were using consumer credit and those who were not. Of the group, 162 were using some form of consumer credit. Twenty-two variables were identified and used as a basis of comparison. Contingency tables were used to show the relationship between the dependent and the independent variables. Chi square values were accepted as statistically significant at the .05 level. Use of loans by the members was found to be significantly related to the following personal and/or family characteristics: age of respondents, marital status, place of residence, having one or more children, total number of children living at home, occupation of husband, total family income, use of credit cards, number of items purchased on credit, and feelings concerning overuse of credit. Characteristics not significantly related to members' use of consumer credit were: number of years as HDC member, level of education, and frequency of family income. Implications and recommendations are made. (Author/DB)

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Extension Study No. 41
S. C. 830

A Research Summary of a Graduate Study

FACTORS INFLUENCING BLOUNT COUNTY, TENNESSEE HOME DEMONSTRATION CLUB MEMBERS' USE OF CONSUMER CREDIT

Ethel Josephine Neas, Cecil E. Carter, Jr.

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AGRICULTURAL EXTENSION EDUCATION

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THE UNIVERSITY OF TENNESSEE

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FACTORS INFLUENCING BLOUNT COUNTY, TENNESSEE
HOME DEMONSTRATION CLUB MEMBERS'
USE OF CONSUMER CREDIT

by

Ethel Josephine Neas

December 1972

ABSTRACT

This study was concerned with the use of consumer credit by Home Demonstration Club members in Blount County, Tennessee, as a basis for planning educational programs. Data were secured by group interviews from 237 Home Demonstration Club members, representing 24 clubs, who were present at their regularly scheduled club meetings. For purpose of analysis, data from the 237 Home Demonstration Club members were classified according to HDC members use of consumer credit: (1) HDC members who were using consumer credit; and (2) HDC members who were not using consumer credit. Of the 237 Home Demonstration Club members 162 were using some form of consumer credit and 75 were not. The purpose was to compare Home Demonstration Club members' use of consumer credit to their personal and family characteristics and the characteristics of consumer credit used. Twenty-two variables were identified and used as a basis for comparing Home Demonstration Club members' use of consumer credit (loans and credit cards). Contingency tables were used to show the relationship between the dependent and the independent

variables. Chi square statistical analysis was used to show the significance level of relations identified. Chi square values which achieved the .05 level were accepted as statistically significant. Computations were done by The University of Tennessee Computing Center.

Major Findings

Use of loans by Home Demonstration Club members was found to be significantly related to each of the following personal and/or family characteristics: age of respondents, marital status, place of residence, having one or more children, total number of children living at home, occupation of husband, total family income, use of credit cards, number of items purchased on credit, and feelings concerning overuse of credit.

The data indicated that the directions of observed relationships were as follows:

Home Demonstration Club members who had loans tended to:

1. Be younger than those who did not have loans;
2. Be married rather than widowed, single or divorced;
3. Live in Urban rather than farm areas;
4. Have one or more children;
5. Have a larger number of children than those who did not have loans;
6. Have a larger number of children living at home than those who did not have a loan;
7. Have husbands who were industrial workers or had a business or a profession other than farming;

8. Have higher family income than those who did not have a loan;
9. Make more use of credit cards than those who did not have a loan;
10. Purchase a larger number of items on credit than did those who did not have loans; and
11. Feel that their family overused rather than underused consumer credit.

The Home Demonstration Club members' personal and family characteristics which were not significantly related to HDC members' use of consumer credit were: number of years served as a HDC member; level of education; and frequency of family income.

Implications and recommendations were also made.

A RESEARCH SUMMARY*

I. PURPOSE AND SPECIFIC OBJECTIVES

The major purpose of this study was to determine the influence of selected personal and family characteristics of Blount County Home Demonstration Club members on their use of consumer credit.

Specific Objectives

Specific objectives of the study were as follows:

1. To determine relationships between HDC members' use of loans and selected personal and family characteristics.

2. To determine relationships between HDC members' use of loans and characteristics of their use of consumer credit.

3. To determine relationships between HDC members' use of credit cards and selected personal and family characteristics.

The study was undertaken because of the rapid growth of consumer credit and the apparent lack of homemaker competence in money management. It was believed that data from such a study would be helpful in planning educational programs to better meet the needs of Home Demonstration Club members in Blount County, Tennessee.

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II. METHOD OF INVESTIGATION

The population included all Home Demonstration Club members in Blount County, Tennessee. Data were secured from a total of 265 members who were present on days group interview schedules were administered.

Twenty-eight of the schedules were discarded because of incompleteness or inaccuracy. Of the 237 members who provided data used in the analysis, 125 were using credit cards and/or 162 had used loans within the previous 60 months.

III. METHOD OF ANALYSIS

The completed interview schedules were coded and responses recorded on data sheets. Data were punched on data processing cards. Twenty-two independent variables were identified and used in the analysis of factors related to two dependent variables the use of loans and the use of credit cards by Home Demonstration Club members. Computations were made by The University of Tennessee Computing Center. A contingency table analysis program was used. This program computed two-way frequency and percentage tables, chi square and contingency coefficients. Output for this program included: (1) frequency tables; (2) row, column, and table percentages; and (3) chi square and degrees of freedom. Chi square values which achieved the .05 level of confidence were accepted as significant. Although research and null hypotheses were not stated, an assumed null hypothesis existed for each of the 22 independent variables.

IV. MAJOR FINDINGS

Major findings were classified and presented under headings related to the objective of the study.

Relationships Between Home Demonstration Club Members' Use of Loans and Selected Personal and Family Characteristics*

1. Home Demonstration Club members' use of loans was significantly related to their ages. Those having loans tended to be younger than the respondents who did not have loans.

2. Home Demonstration Club members' use of loans was significantly related to their marital status. The proportion of those having loans was greater among those who were married than among the widowed, single, or divorced members.

3. Home Demonstration Club members' use of loans was significantly related to their place of residence. Respondents who lived on farms were the least likely to use loans, while urban residents were the most likely to have loans.

4. Home Demonstration Club members' use of loans and whether or not they had children was significantly related. A significantly higher proportion of the HDC members who used loans had children than those who did not have loans.

5. Home Demonstration Club members' use of loans was influenced by the number of children in their families. A significantly higher proportion of families with from one to four children had loans than did families without children.

*See Appendix Table I.

6. Home Demonstration Club members' use of loans was significantly influenced by the number of children living at home. Respondents without children living at home tended not to have loans.

7. Home Demonstration Club members' use of loans was significantly related to their husbands' major occupation. Respondents who had loans tended to have husbands who were industrial workers or to be in business and/or professional occupations. A smaller proportion of farmers had loans than any other occupational classification studied.

8. Home Demonstration Club members' use of loans was significantly related to their annual family income. The proportion of those using loans was greater among respondents having high income.

9. Home Demonstration Club members' use of loans was significantly related to their use of credit cards. Respondents who used loans tended to use credit cards.

10. Home Demonstration Club members' use of loans was not significantly influenced by their educational level.

11. Home Demonstration Club members' use of loans was not significantly influenced by the number of years served as a HDC member.

12. Home Demonstration Club members' use of loans was not significantly influenced by the frequency of income.

Relationships Between Home Demonstration Club Members' Use of Loans and Characteristics of Consumer Credit*

1. Home Demonstration Club members' use of loans was significantly related to their use of credit in the previous 12 months. The proportion

*See Appendix Table I.

of those using loans was greatest among those using credit in the previous 12 months.

2. Home Demonstration Club members' use of loans was significantly related to their use of credit in the previous 60 months. The proportion of those using loans was greatest among the respondents who had used credit in the previous 60 months.

3. Home Demonstration Club members' use of loans was significantly related to the number of items purchased. The greatest proportion of the respondents who were using loans had purchased more than one item on credit.

4. Home Demonstration Club members' use of loans was significantly related to specific items purchased on credit. Of the seven items listed, HDC members who used loans had bought these items on credit more frequently than club members who did not use loans.

5. Home Demonstration Club members' use of loans was significantly related to their opinions concerning whether their family overused credit. Those who were using loans felt that their family overused credit.

6. Home Demonstration Club members' use of loans was not significantly influenced by their ability to calculate interest rates.

Relationships Between Home Demonstration Club Members' Use of Credit Cards and Selected Personal and Family Characteristics*

1. Home Demonstration Club members' use of credit cards was significantly related to their age. Home Demonstration members who used credit cards tended to be younger than those who did not.

*See Appendix Table II.

2. Home Demonstration Club members' use of credit cards was significantly related to their marital status. The porportion of those using credit cards was greater among those who were married than among the widowed, single, or divorced members.

3. Home Demonstration Club members' use of credit cards was significantly related to their place of residence. Homemakers who lived on farms were the least likely to use credit cards, while urban residents were the most likely to use credit cards.

4. Home Demonstration Club members' use of credit cards was significantly related to the number of children living at home. Home Demonstration Club members who used credit cards tended to have a larger number of children than did those not using credit cards.

5. Home Demonstration Club members' use of credit cards was significantly related to their husbands' major occupation. Interviewees who used credit cards tended to have husbands who were in business and/or professional occupations or industrial workers. A smaller percentage of the farm families used credit cards than any other group.

6. Home Demonstration Club members' use of credit cards was significantly influenced by their annual family income. Families using credit cards had higher incomes.

7. Home Demonstration Club members' use of credit cards was not significantly influenced by their level of education.

8. Home Demonstration Club members' use of credit cards was not significantly influenced by the number of years involved in the HDC program.

9. Home Demonstration Club members' use of credit cards was not significantly influenced by whether or not the HDC member had children.

V. IMPLICATIONS AND RECOMMENDATIONS

Based on the results of the study and the writer's experience and views, the following implications were drawn and recommendations made:

1. Use of loans and credit cards was significantly influenced by selected personal and family characteristics of Home Demonstration Club members. This indicates that consumer credit education needs of HDC members could be met by planning programs for specific audiences of HDC members.

2. Since more of the urban residents were using consumer credit an educational effort should be made to plan and conduct consumer credit programs for homemakers living in these areas. Blount County Extension agents could do this by training home management leaders in consumer credit to plan, organize, and teach special interest groups in the urban areas of the county.

3. Since Home Demonstration Club members who used consumer credit tended to be younger, additional consideration should be given toward planning programs to better meet the needs and interests of these members. Blount County Extension agents could mail circular letters on consumer credit geared toward the needs of the younger homemakers. New Home Demonstration Club members, Young Farmers and Homemakers, and Senior 4-H Club

members could benefit from this type of information. Special interest group meetings could be conducted during the evening hours through the cooperation of the Extension Service and local lending agencies. Consumer Credit publications could be included in a kit which could be provided to couples who apply for marriage license.

4. Married Home Demonstration Club members tended to make greater use of consumer credit than single, divorced, or widowed members. Also, married homemakers with larger families tended to use consumer credit more than those with smaller families. In view of these findings and since the married homemaker has joint management responsibilities with her spouse, Blount County Extension agents could develop and implement an educational effort geared to meet the needs of the total family. News articles containing consumer credit information could be used to provide information, to stimulate interest and to announce special interest meetings. Blount County Community Club audiences could be used for special programs in money management.

5. The use of consumer credit increased with an increase of family income. This could indicate that low income Home Demonstration Club members are considered low risk by lending agencies, fear indebtedness or they might have insufficient knowledge regarding consumer credit appropriate for their income. Since no Home Demonstration Clubs are organized in the low income areas, Blount County Extension agents could make a concerted effort to organize Home Demonstration Clubs and/or special interest groups in these areas.

Recommendations for Further Study

1. Additional studies should be conducted to determine ways to motivate young homemakers into becoming involved in programs designed toward coping with today's money management problems.

2. Further research is needed to determine the most effective approaches and methods for teaching consumer credit to individuals of different age groups and income levels.

3. Studies should be conducted to further determine needs and interests of urban and farm women.

4. A study should be done with non-club members to compare the findings.

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APPENDIX

TABLE I

RELATIONSHIP BETWEEN BLOUNT COUNTY HOME DEMONSTRATION CLUB MEMBERS' USE OF LOANS AND THEIR PERSONAL AND FAMILY CHARACTERISTICS

Personal and Family Characteristics	Use of Loans	
	Yes (N=162)	No (N=75)
	Percent	Percent
Age[c]		
Under 35 years	17	9
35 - 54 years	43	27
55 - 64 years	21	32
65 years and over	19	32
Total	100	100
Education[a]		
Eighth Grade or Less	11	13
1 to 2 years High School	9	6
2 to 4 years High School	46	39
One - more years College	28	27
No response	6	15
Total	100	100
Years HDC Member[a]		
Under 5 years	44	37
5 - 9 years	18	24
10 years and over	38	39
Total	100	100
Marital Status[d]		
Married	90	74
Widowed	8	17
Single	0	9
Divorced	1	0
No response	1	0
Total	100	100
Place of Residence[d]		
Farm	22	48
Non-Farm	40	35
Urban	38	17
Total	100	100

[a]Chi square test (x^2) --- Not significant at .05 level.
[b]Chi square test (x^2) --- Significant at .05 level.
[c]Chi square test (x^2) --- Significant at .01 level.
[d]Chi square test (x^2) --- Significant at .001 level.

TABLE I, Continued.

Personal and Family Characteristics	Use of Loans	
	Yes (N=162)	No (N=75)
	Percent	Percent
Had Children[c]		
Yes	90	75
No	10	24
No response	0	1
Total	100	100
Number of Children[b]		
None	13	26
1 - 2	42	40
3 - 4	36	21
Over 4	9	13
Total	100	100
Number Children Living at Home[c]		
None	50	72
One	21	19
Two	17	5
Three	9	3
Four	3	0
Over four	0	1
Total	100	100
Husbands' Major Occupation[d]		
Farmer	5	16
Industrial worker	40	20
Business or Professional	21	5
Retired	18	23
Other	16	36
Total	100	100
Family Income Last Year[b]		
Less Than $5,000	14	25
$5,000 to $10,000	41	50
$10,000 to $15,000	33	19
$15,000 and over	7	5
No response	5	1
Total	100	100

TABLE I, Continued

Personal and Family Characteristics	Use of Loans: Yes (N=162)	Use of Loans: No (N=75)
	Percent	Percent
Frequency of Income[a]		
Weekly	35	27
Bi-Monthly	14	17
Monthly	47	44
Seasonal	3	9
Other	1	3
Total	100	100
Use of Credit Cards[d]		
Yes	64	28
No	36	72
Total	100	100
Who Uses Credit Cards Most Frequently		
Homemaker	40	15
Husband	21	12
Children	3	1
Did not use	36	72
Total	100	100
Used Other Short Term Non-Interest Credit-- Past 12 Months[d]		
Yes	67	33
No	32	66
No response	1	1
Total	100	100
Used Credit Past Sixty Months[d]		
Yes	81	39
No	17	59
No response	2	2
Total	100	100
Number of Designated Items Purchased on Credit Past 12 Months[d]		
None	17	62
One	37	24
Two	23	7
Three and over	23	7
Total	100	100

TABLE I, Continued.

Personal and Family Characteristics	Use of Loans: Yes (N=162)	Use of Loans: No (N=75)
	Percent	Percent
Item Purchased on Credit[d]		
Car	44	13
Personal Items	39	20
Household Items	32	9
Real Property	24	8
Home Improvements	12	8
Medicine	11	3
Farm Equipment	7	4
Does Family Overuse Credit?[b]		
Yes	17	8
No	69	65
No response	14	27
Total	100	100
Advantage of Using Credit		
Convenience	19	13
Buy items without money (cash)	22	12
No advantages	3	4
Establish credit references	11	11
Emergency	3	1
Record keeping	7	0
Buy items on sale	7	3
Assures service	1	3
No response	27	53
Total	100	100
Disadvantages of Using Credit		
Overuse	57	42
High interest rate	10	4
Money gone before paid	2	1
Billing mistakes	1	1
No response	30	52
Total	100	100
Respondent's Ability to Calculate Interest		
Yes	61	48
No	31	40
No response	8	12
Total	100	100

TABLE I, Continued.

Personal and Family Characteristics	Use of Loans	
	Yes (N=162)	No (N=75)
	Percent	Percent
Respondents' Husband Calculate Interest		
Yes	73	55
No	9	9
No response	9	9
Does not apply	9	27
Total	100	100

TABLE II

RELATIONSHIP BETWEEN BLOUNT COUNTY HOME DEMONSTRATION CLUB MEMBERS' USE OF CREDIT CARDS AND THEIR PERSONAL AND FAMILY CHARACTERISTICS

Personal and Family Characteristics	Use of Credit Cards	
	Yes (N=125)	No (N=112)
	Percent	Percent
Age[d]		
Under 35 years	21	8
35 - 54 years	45	30
55 - 64 years	23	25
65 years and over	11	37
Total	100	100
Education[a]		
Eighth Grade or less	7	17
1 to 2 years High School	8	8
2 to 4 years High School	47	40
One or more years College	31	24
No response	7	11
Total	100	100
Years HDC Member[a]		
Under 5 years	45	39
5 - 9 years	19	21
10 years and over	36	40
Total	100	100
Marital Status[d]		
Married	95	73
Widowed	5	19
Single	0	6
Divorced	0	1
No response	0	1
Total	100	100
Place of Residence[c]		
Farm	22	41
Non-farm	37	40
Urban	41	19
Total	100	100

[a] Chi square test (x^2) --- Not significant at .05 level.
[b] Chi square test (x^2) --- Significant at .05 level.
[c] Chi square test (x^2) --- Significant at .01 level.
[d] Chi square test (x^2) --- Significant at .001 level.

TABLE II, Continued.

Personal and Family Characteristics	Use of Credit Cards	
	Yes (N=125)	No (N=112)
	Percent	Percent
Had Children[a]		
Yes	89	80
No	11	19
No response	0	1
Total	100	100
Number of Children Living at Home[b]		
None	50	65
One	20	20
Two	17	10
Three	9	5
Four	4	0
Total	100	100
Husbands' Major Occupation[d]		
Farmer	10	7
Industrial Worker	39	28
Business or Professional	24	7
Retired	16	23
Other	11	35
Total	100	100
Family Income Last Year[d]		
Less than $5,000	9	26
$5,000 to $10,000	42	46
$10,000 to $15,000	37	18
$15,000 and over	8	5
No response	4	5
Total	100	100

TENNESSEE AGRICULTURAL EXTENSION SERVICE

CONSUMER CREDIT SURVEY

This survey is being made to obtain information which may help us to do a better job of planning the county Extension program. The purpose is to help get a more complete understanding of the consumer credit situation in yo r county so Extension may be more helpful to you. No one will know your individual responses. The answers you will give will be added to those given by other Home Demonstration Club Members in your county who complete the questionnaire.

1. How many years have you been a Home Demonstration Club Member?
_____ years.

2. In which age group are you? (Check one)

_____ 20-24
_____ 25-34
_____ 35-44
_____ 45-54
_____ 55-64
_____ 65 or above

3. What is the highest grade you completed in school? _____ grade.

4. What is your marital status? (Check one)

_____ Married
_____ Widowed
_____ Single
_____ Divorced
_____ Husband lives away from home

5. If married, what is your husband's major occupation? (Check one)

_____ Full-time farmer
_____ Part-time farmer
_____ Industrial worker
_____ Business
_____ Professional
_____ Retired
_____ Other (Specify)
_____

6. Do you work regularly for pay outside the home? _____ Yes, _____ No.
If Yes, how many hours per week do you work? _____ hours.

7. Is your family income received primarily

_____ Weekly
_____ Bi-monthly
_____ Monthly
_____ Seasonally

8. In recent years, which of the following is nearest to your annual total family income? (Check one)

_____ Less than $5,000
_____ Between $5,000 and $10,000
_____ Between $10,000 and $15,000
_____ Between $15,000 and $20,000
_____ Over $20,000

9. Do you own or rent your home? _____ Rent, _____ Own.

10. Where is your home located? (Check one)

_____ Farm
_____ Rural non-farm
_____ Urban
_____ Sub-division

11. If your husband's major occupation is farming, do you own or rent a farm? _____ Own, _____ Rent. How many acres of land is in the farm you operate? _____ acres.

12. Do you have any children? _____ Yes, _____ No. If yes, how many? _____. How many of your children live at home? _____.

13. Have either you or your husband bought anything on credit in the last 12 months? _____ Yes, _____ No. Within the last 3 years? _____ Yes, _____ No. Within the last 5 years? _____ Yes, _____ No.

14. If you have used credit, which of the following things have you bought on credit? (Check all that apply)

_____ Car (payments; repair; operation)
_____ Home improvement or repairs
_____ Real estate
_____ Personal items for the family
_____ Household furnishings
_____ Food
_____ Medical care
_____ Farm machinery; supplies; livestock; etc.

15. Does anyone in your family use a credit card regularly? _____ Yes, _____ No. If yes, who in your family uses a credit card <u>most</u> frequently? (Check one)

_____ I do _____ My husband _____ My children

16. Do you feel that someone in your family makes too much use of credit? _____ Yes, _____ No. If yes, is it _____ you, _____ your husband, or _____ your children?

17. What do you feel is the greatest <u>advantage</u> of using credit?

_____

18. What do you feel is the greatest <u>disadvantage</u> of using credit?

_____

19. Do you feel that over-use of credit is a problem for a large number of families in your county? _____ Yes, _____ No.

20. Do you feel that under-use of credit is a problem for a large number of families in your county? _____ Yes, _____ No.

21. Do you feel that most families in your county are informed on how to use credit wisely? _____ Yes, _____ No.

22. Do you feel that an educational program is needed to help inform the public on the wise use of credit? _____ Yes, _____ No. If yes, how could Extension help in this educational effort? _____

23. Disregarding "lay-away plans," installment credit, credit cards, etc., have either you and/or your husband ever secured a loan (either short or long term) from a bank, or any other lending agency? _____ Yes, _____ No. If yes, was it within the past 5 years? ___ Yes, ___ No.

24. Have either you and/or your husband ever secured a loan from another person (i.e., someone other than a lending agency)? _____ Yes, _____ No. If yes, was it within the past 5 years? ____ Yes, ____ No.

25. Has a lending agency ever refused to make a loan to either you and/or your husband? ____ Yes, ____ No. If yes, what reason was given?

26. Do you know how to figure the amount of interest you would have to pay annually on a loan? ____ Yes, ____ No. Does your husband? ____ Yes, ____ No.

27. If you have a loan, do you know the total amount of interest you paid last year on that loan? ____ Yes, ____ No. Does your husband? ____ Yes, ____ No.

28. Have you talked to anyone within the past year about the wise use of credit? ____ Yes, ____ No. If yes, with whom did you talk?

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COOPERATIVE EXTENSION WORK IN AGRICULTURE AND HOME ECONOMICS
The University of Tennessee Institute of Agriculture and U. S. Department of Agriculture
cooperating in furtherance of Acts of May 8 and June 30, 1914
AGRICULTURAL EXTENSION SERVICE
William D. Bishop, Dean